

Israel Tech Funding Report

Capital raising analysis,
trends and insights

Q1/2020



Overview

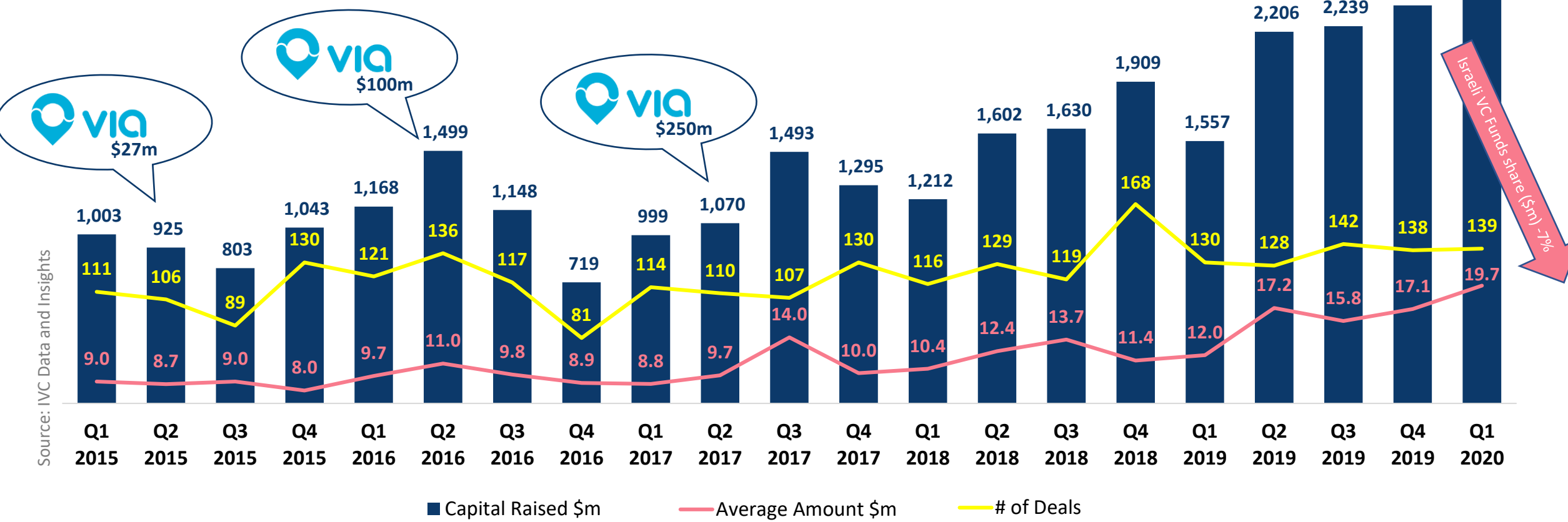
2020 is, so far, proving to be a major challenge for Israel's high-tech industry. The COVID-19 crisis has caused businesses to cease regular activity and search for ways to survive this uncertain period. The first to suffer from the global recession in the Israeli high-tech industry were young seed companies, with only four capital-raising deals made since February.

The first two months of this year showed mostly regular activity, with quarterly figures at the same levels as previous, strong months. In March 2020, the prevalent trend from 2019 has strengthened – investor interest in later rounds and mature companies– became even more prominent.

Growth-stage companies succeeded in raising robust amounts. Four of the eleven companies that attracted more than \$50 million this quarter raised notable amounts in March, the largest being Via's \$400 million deal.

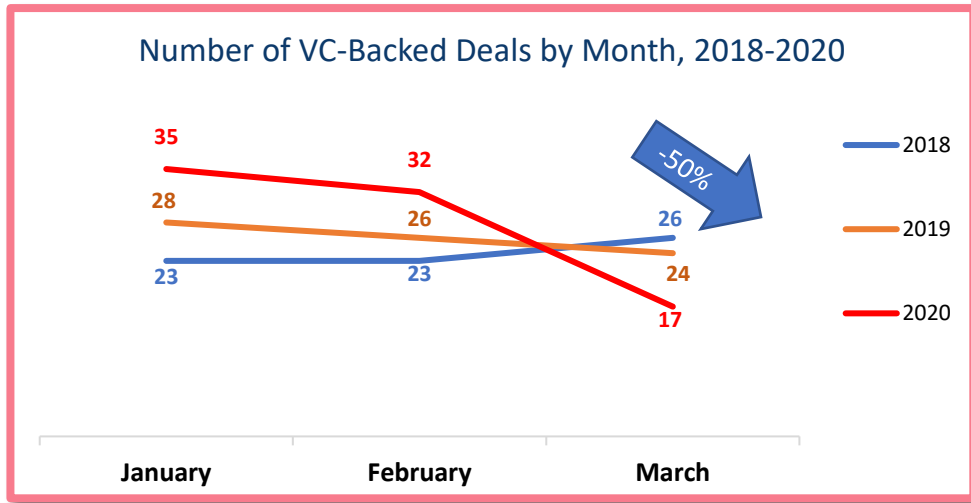
Israeli High-Tech Capital Raising (By Quarter) | Q1/2015-Q1/2020

In Q1/2020, Israeli high-tech has attracted the record quarterly amount of \$2.74B in 139 deals, 76% up from Q1/2019 capital volume. Excluding the mega-deal by Via (\$400m), the total amount summed up to \$2.34B in 138 deals. Israeli VC funds investments were down to 7% of total capital raised.

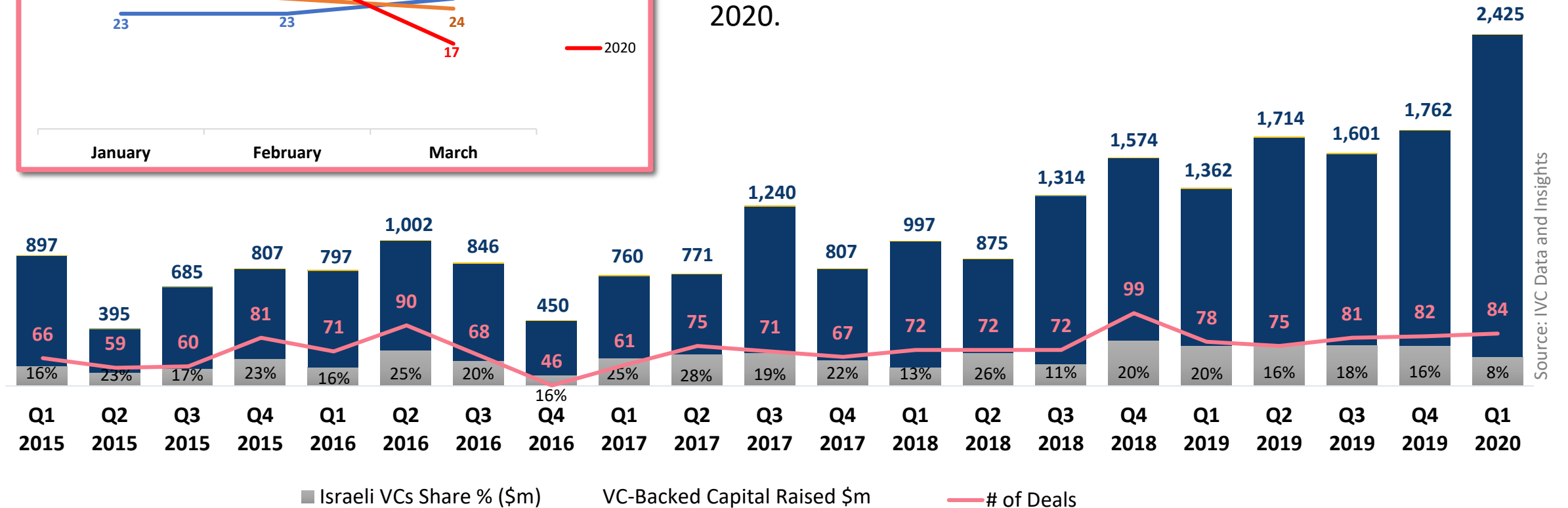


Source: IVC Data and Insights

Israeli High-Tech Capital Raising in VC-Backed Deals (By Quarter) | Q1/2015-Q1/2020

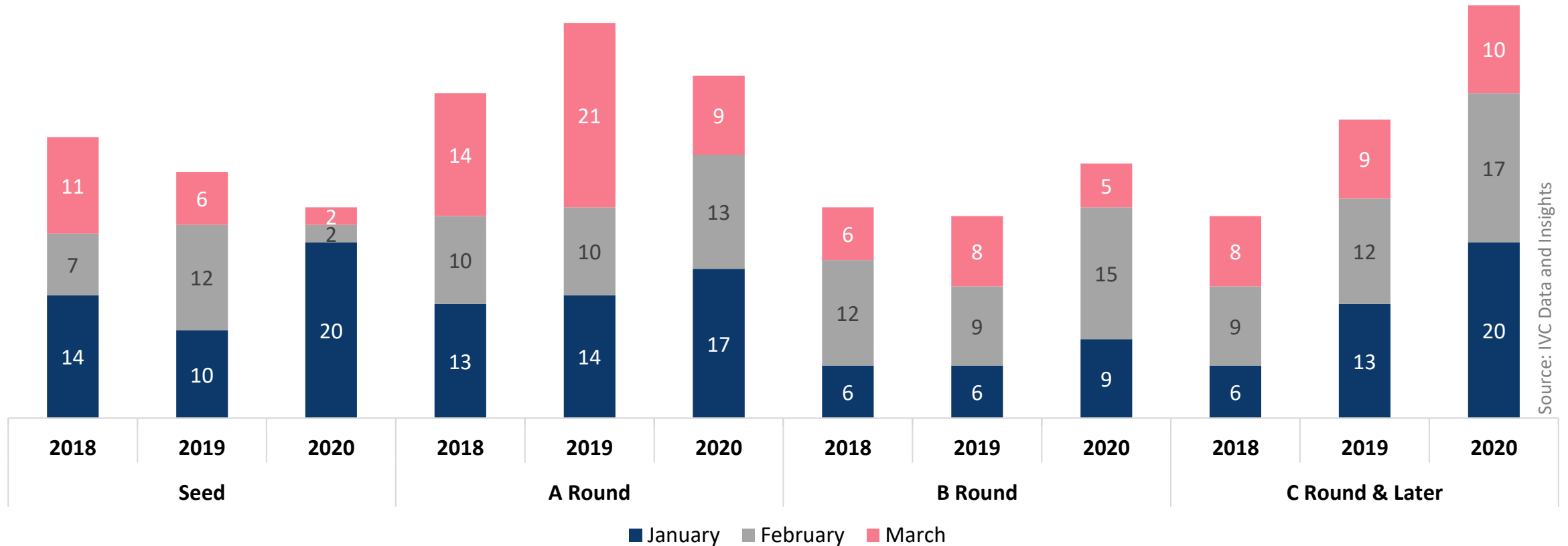


Israeli VC-backed deals topped all years, reaching \$2.43B – 89% of total capital raised in Q1/2020. However, COVID-19 crisis affected Israeli deal-making in March - only 17 VC-backed deals were closed – 50% down from previous dynamic months of 2020.



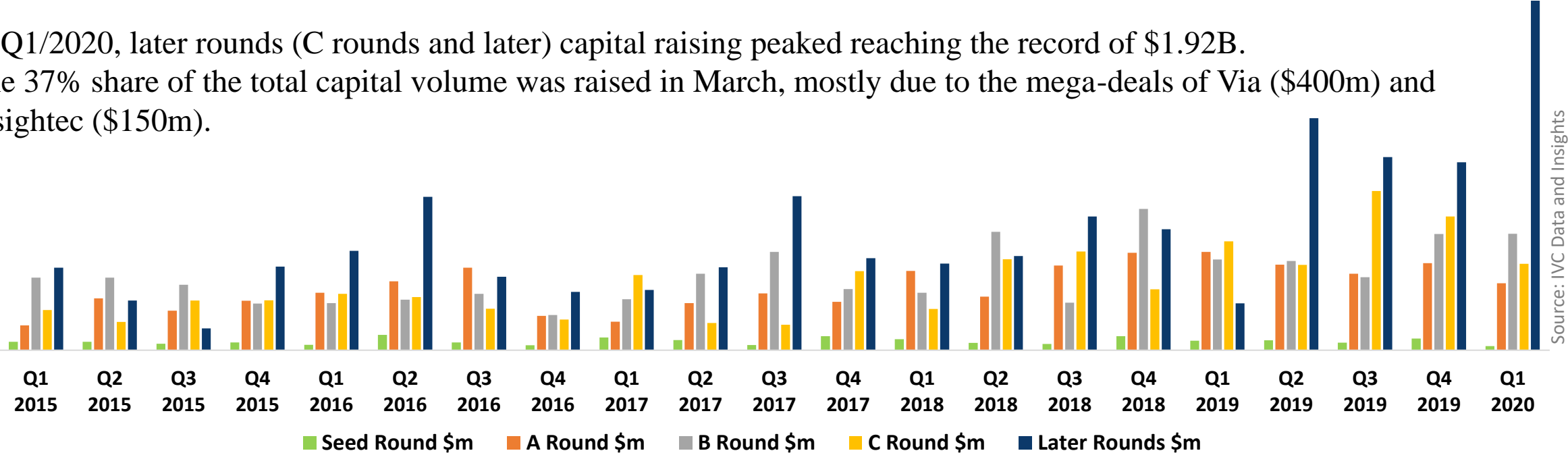
Number of Deals by Round Type | January-March, 2018-2020

Seed capital raising was cut down to the mere 2 deals in months of February and March of 2020, following the global COVID-19 crisis.



Israeli High-Tech Capital Raising by Round | Q1/2015-Q1/2020

In Q1/2020, later rounds (C rounds and later) capital raising peaked reaching the record of \$1.92B. The 37% share of the total capital volume was raised in March, mostly due to the mega-deals of Via (\$400m) and Insightec (\$150m).



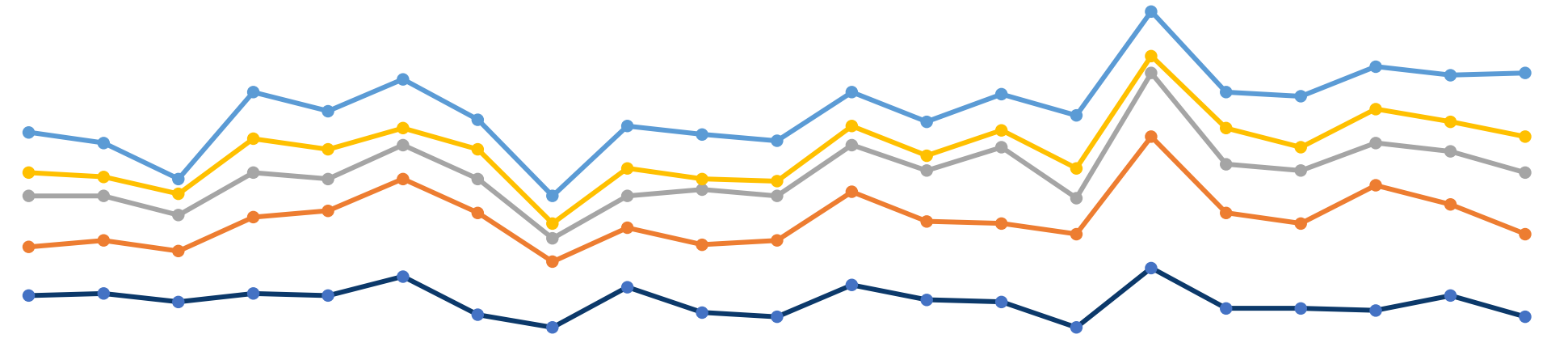
Source: IVC Data and Insights

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
L	363	218	96	368	437	674	322	256	265	364	677	404	381	414	588	532	206	1,020	849	826	1,537
C	176	124	218	219	248	234	182	135	330	120	112	347	181	400	434	267	479	375	700	588	379
B	319	319	287	205	207	222	247	154	224	336	432	269	252	521	209	621	399	392	321	511	511
A	109	227	174	218	253	303	363	151	125	207	249	213	349	235	372	428	432	376	336	382	294
S	36	37	28	34	24	67	34	22	56	44	23	62	48	32	27	62	42	43	33	51	18

Israeli High-Tech Capital Raising by Round | Q1/2015-Q1/2020

In total, the number of early rounds (Seed + A Rounds) downsized to 63 in Q1/2020 – 17% under the quarterly averages of 2019.

Number of Seed Rounds Number of A Rounds Number of B Rounds Number of C Rounds Number of Later Rounds



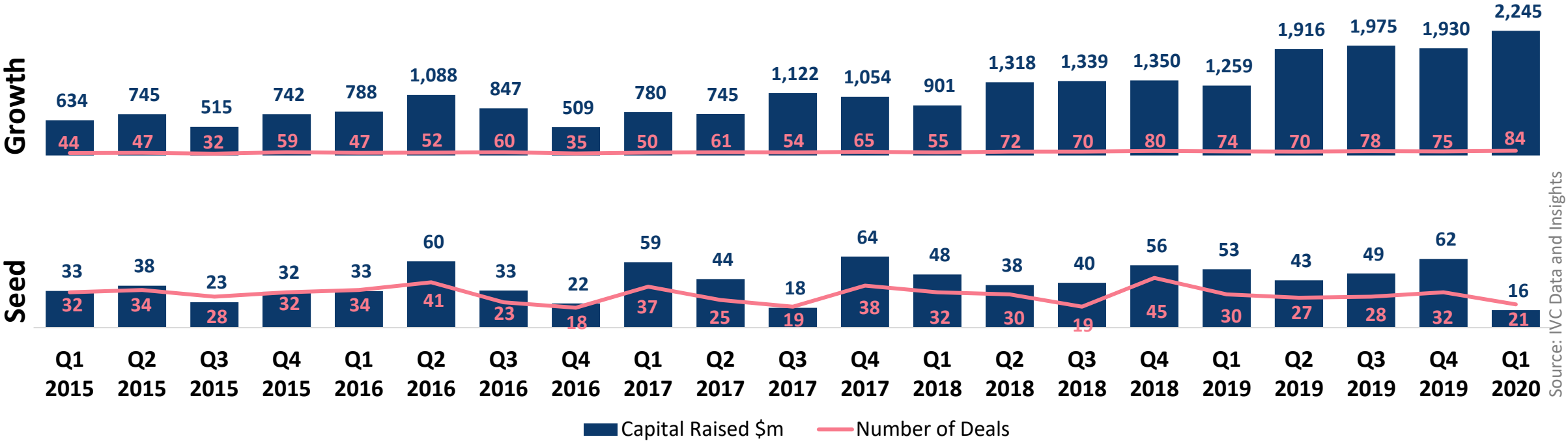
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Number of Later Rounds	19	16	7	22	18	23	14	13	20	21	19	16	16	17	25	21	17	24	20	22	30
Number of C Rounds	11	9	10	16	14	8	14	7	13	5	7	9	7	8	14	8	17	11	16	14	17
Number of B Rounds	24	21	17	21	15	16	16	11	15	26	21	22	24	36	17	30	23	25	20	25	29
Number of A Rounds	23	25	24	36	40	46	48	31	28	32	36	44	37	37	44	62	45	40	59	43	39
Number of Seed Rounds	34	35	31	35	34	43	25	19	38	26	24	39	32	31	19	47	28	28	27	34	24

Source: IVC Data and Insights

Quarterly Capital Raising by Stages | 2015 – 2020

Seed companies suffered the major setback due to COVID-19 crisis – raising \$16m in 21 deals, down 28% in number and 70% in capital volume from the quarterly averages of 2019.

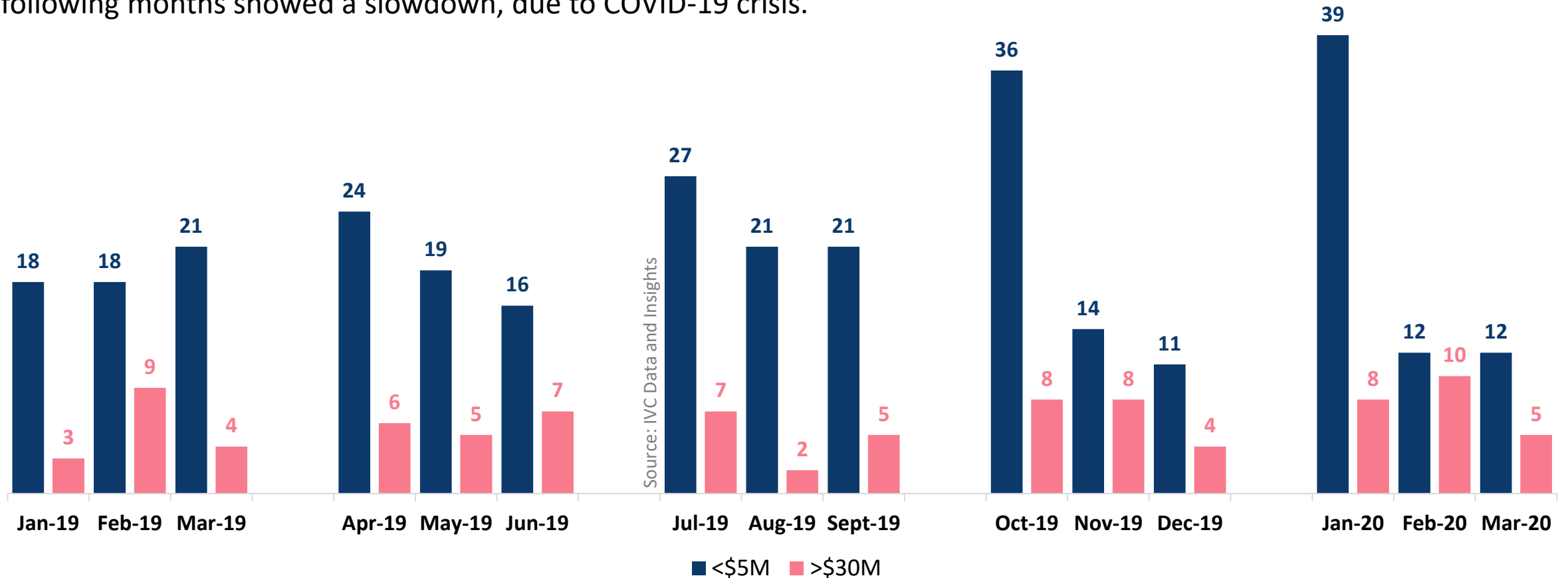
Growth companies kept high pace, mostly due to 9 companies with over \$50m each, raising \$1.37B in total.



Source: IVC Data and Insights

Quarterly Capital Raising by Deal Size | 2019–2020

Q1/2020 registered 43 deals in the \$5m to \$20m range, a decrease of 12%, compared with the previous quarter and last year's corresponding quarter, with 49 deals each. Deals under \$5m increased in January, however the following months showed a slowdown, due to COVID-19 crisis.



Deals Over \$50m | Q1-2020

Leading investors in Deals over \$50m

NEC

GENERAL ATLANTIC

ABB TECHNOLOGY VENTURES

INSIGHT PARTNERS

AnSes

Lightspeed

TIGERGLOBAL

stripes

Exor

KOCH DISRUPTIVE TECHNOLOGIES

Leading Capital Raising Deals

VIA \$400m

AppsFlyer \$210m

SentinelOne \$200m

INSIGHTEC \$150m

snyk \$150m

SISENSE \$100m

EMENDO BIOTHERAPEUTICS \$61m








HAILO \$60m

AXONIUS \$58m

Veeva \$55m

BigID \$50m

Methodology

-  This report reviews capital raised by Israeli high-tech companies from Israeli and foreign venture capital funds as well as other investors, such as investment companies, corporate investors, incubators and angels.
-  Reported data present the investments activity IVC collects from reliable media sources, and direct reports gathered by IVC's information specialists' team.
-  The report is based on data from 436 investors of which 130 were Israeli VC funds and 306 were other entities. The report data was last updated on March 31, 2020.
-  The term Early Stage companies refers to high-tech companies in the process of development and not yet offering products to the market.
-  The report covered total investments in the Israeli venture capital sector, including both VC-backed rounds where at least one investor participating in the round was a VC fund, as well as deals not backed by venture capital funds.
-  The report includes amounts received by each company directly, including direct transactions performed between company shareholders.
-  Most companies belong to more than one technology vertical, therefore the data regarding verticals should be viewed separately per vertical.

IVC Research Center is the leading online provider of data and analyses on Israel's high-tech, venture capital and private equity industries. Its information is used by all key decision-makers, strategic and financial investors, government agencies and academic and research institutions in Israel.

IVC-Online Database (www.ivc-online.com) showcases over 9,000 Israeli technology startups, and includes information on private companies, investors, venture capital and private equity funds, angel groups, incubators, accelerators, corporate VCs, investment firms, professional service providers, investments, financings, exits, acquisitions, founders, key executives and R&D centers.

Publications include Newsletters; Daily Alerts; IVC Magazine; Surveys; Research papers and Reports; and Interactive dashboards.

IVC Industry Analytics – analysis, research and insights into the status, main trends and opportunities related to exits, investments, investors, sectors and stages.

[Website](#)



ZAG-S&W (Zysman, Aharoni, Gayer & Co.) is a leading international law firm specializing in all areas of commercial and business law and is one of Israel's leading commercial law firms.

The firm has earned its international standing due to its global presence in the US, China and England. The firm's attorneys specialize in all disciplines of commercial law for both publicly held and private companies, with expertise in hi-tech, life science, international transactions, and capital markets.

ZAG-S&W provides result-driven legal and business advice to its clients, addressing all aspects of the clients' business activities, including penetration into new markets in strategic locations. In recent years, the firm has acted on most of the equity and debt financing transactions by Israeli technology companies on the NASDAQ.

It has been the firm's experience that the best results, those that give our clients the competitive advantage they need, are attained by coupling professional experience, global presence, and connections with the investor communities in Israel and abroad.

[Website](#)



2020

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